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PREPARATIONS FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT ON THE BASIS OF GENERAL ASSEMBLY RESOLUTION 44/228 AND TAKING INTO ACCOUNT OTHER RELEVANT GENERAL ASSEMBLY RESOLUTIONS: CROSS-SECTORAL ISSUES

Draft text on financial resources submitted by the Issue Coordinator, Andrés Rosenthal (Mexico)

This chapter is without prejudice to specific commitments and arrangements regarding financial resources adopted or to be adopted in specific international legal instruments.

1. [The] new and additional funding is an essential requirement for sustainable development in all countries of the world and for an evolving partnership among them, in particular between both developed and developing countries, towards this goal.

This funding should be provided by developed countries through a variety of sources and channels.

United States of America

[1 bis. To forge a Partnership for Sustainable Development, and as part of a process to lead all countries to sustainable development, those countries should prepare national strategies for the implementation of Agenda 21, in such a manner as to integrate environmental and development considerations through a systematic process of environmental assessment, identify national policies and programmes to promote Agenda 21, and establish national and local

priorities by means that include public participation and community involvement. For countries in need of assistance, particularly the developing countries, financing for priority programmes, including new and additional resources, should be provided through a country-based consultative process that involves all available sources, bilateral and multilateral in a coordinated and effective partnership.]

2. For developing countries ODA is a main source of external funding, including additional funding, for sustainable development and the implementation of Agenda 21. Substantial additional and improved resource flows are required. In this respect, developed countries [and other countries in a position to do so] agree on the need for more funding and affirm or reaffirm commitments to reach the accepted United Nations target of 0.7 per cent of GNP for ODA [by the year 2000], aiming at significant increases in their development assistance. Several countries which have already reached the United Nations target of 0.7 per cent or are committed to do so within specified time-frames, aim at an increase in their ODA or at least the maintenance of present levels. In this context, the importance of equitable burden sharing is recognized.

3. Funding for Agenda 21 and other outcomes of the United Nations Conference on Environment and Development should be provided in a way which maximizes the availability of new and additional resources, and which makes use in the most effective manner of all available funding sources and mechanisms, which include, among others:

(a) The multilateral development banks and funds:

(i) Considerable resources are provided through the International Development Association (IDA) to finance sustainable development, including in the areas of poverty reduction, health, education, water, land degradation, forests and human settlements. The replenishment of IDA provides a good opportunity for additional contributions, preferably above the volume of the ninth replenishment of IDA (IDA9), to meet important development needs identified in Agenda 21;

(ii) The regional development banks should initiate work plans in order to ensure, [through replenishment] an increased and more effective role by the provision of financial resources on [concessionary] [or other types of favourable] terms for the implementation of Agenda 21.

(b) Relevant specialized agencies and other United Nations bodies;

(c) Multilateral institutions for capacity-building and technical cooperation:

Increase substantially the financial and other assistance to developing countries in the field of technology transfer and cooperation* and national capacity-building. Necessary financial resources should be provided to UNDP to use its network of field offices and its broad mandate and experience in the field of technical cooperation for facilitating capacity-building at the country level, making full use of the expertise of specialized agencies, other United Nations bodies, within their respective competence, in particular UNEP, as well as the World Bank, and regional development banks;

(d) Bilateral assistance programmes which should be strengthened in order to promote sustainable development;

(e) Debt relief:

(i) All creditors in the Paris Club should promptly implement the agreement of December 1991 to provide debt relief for the poorest, heavily indebted countries that are pursuing structural adjustment;

(f) Private funding:

(i) Mobilization of higher levels of private funding in support of sustainable development, inter alia, by foreign direct investment and technology transfers through joint ventures and other modalities.

4. Innovative ways and means of generating new public and private financial resources and other incentives to promote sustainable development should be explored, in particular:

(a) Various forms of debt relief, apart from official or Paris Club debt, including greater use of debt swaps;

(b) The use of economic and fiscal incentives and mechanisms, particularly in developed countries, such as taxes or charges;

(c) The feasibility of tradeable permits;

(d) New schemes for fund raising and voluntary contributions through private channels including non-governmental organizations;

(e) Reallocating resources presently committed to military purposes.

[4 bis. - A supportive international economic climate conducive to sustained economic growth and development is important, particularly for development, in order to achieve sustainability.]

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* Same language as agreed in technology transfer.

(Alternative 1, European Community, Japan, Nordics)

[5. Global Environmental Facility (GEF):

(a) The GEF should serve as the appropriate multilateral mechanism to provide new and additional financial resources on grant or concessional terms to cover the agreed incremental costs of activities, in particular in developing countries, arising out of international conventions on global environmental issues and other mutually environmental activities of global significance that provide global benefits;

(b) The scope of the GEF covers projects arising from national priorities and consistent with the global mission of Facility;

(c) The GEF should be transparent and democratic in nature to ensure a balanced representation, as well as equitable participation by Participants;

(d) It should encourage broad membership and provide access and disbursement in particular to developing countries, under agreed criteria;

(e) Subject to the outcome of the climate change and biodiversity convention negotiations, direct links should be established between the Conferences of the Parties to these Conventions and the adjusted governing structure of the GEF on the basis of mutually agreed division of responsibilities;

(f) Predictability in the flow of funds should be ensured by contributions from developed countries and other countries in a position to do so, taking into account the importance of equitable burden sharing.]

(Alternative 2, G-77 and China)

[5. GEF:

(a) The GEF could serve as an appropriate multilateral mechanism to provide new and additional financial resources on grant or concessional terms to cover the agreed incremental costs of relevant Agenda 21 activities, in particular in developing countries on global environmental issues, and their sustainable development components, and other mutually agreed environmental activities of global significance;

(b) The scope of the GEF covers projects arising from national priorities and consistent with the global mission of the Facility and should be expanded to meet relevant activities of Agenda 21;

(c) It should encourage universal membership. Access and disbursement should be provided in particular to developing countries under agreed criteria, without conditionality;

(d) The governance of GEF must be transparent and democratic in nature. This must be reflected in all its operations and decision-making;

(e) Predictability in the flow of funds should be ensured by contributions from developed countries, taking into account the importance of equitable burden sharing. Other countries in a position to do so may also contribute.]

6. In the outcome of the United Nations Conference on Environment and Development there should be provision for effective review and monitoring of the financing of Agenda 21, [in particular as to its additionality, adequacy and equitable distribution.]